



SCS HOUSING METHODOLOGY COMMITTEE

San Francisco Bay Conservation and Development Commission
McAteer Petris Conference Room
50 California Street, Suite 3600, San Francisco, CA 94111

April 27, 2011 | 10:00 a.m.

1. Convene Meeting

Doug Johnson, MTC Senior Planner called the meeting to order at 10:10 a.m.

Pat Eklund, City Council Member from Novato, distributed a letter from the Novato City Council to Assembly Member Jared Huffman expressing support for his bill AB 1103 along with some questions for him to consider.

2. RHNA Timeline

Ken Kirkey, ABAG Planning Director, reviewed the proposed changes to the RHNA schedule. The revised timeline slows down the process at the beginning to better link development of the draft RHNA methodology with development of the SCS, but allows more time at the end for local jurisdictions to complete Housing Elements. This responds to concerns heard from HMC members about the challenges of developing the methodology when the SCS Preferred Scenario has not yet been developed.

As part of his presentation, Mr. Kirkey described the block grant proposal tied to RHNA that would look at linking some of the discretionary funding from RTP to jurisdictions taking on significant RHNA allocations. This is a critical component of ensuring consistency between the RHNA, SCS, and the RTP. The proposal is still under development and the details are not yet complete. The proposal will be going forward for first consideration before the joint MTC Planning Committee and ABAG Administrative Committee meeting in June with further consideration in July. The funds are more likely to be for capital projects, although it will probably also include money for planning as well. Staff will provide information as it becomes available.

Ezra Rapport, ABAG Executive Director, mentioned that staff intends to have a conceptual discussion about the principles of the RHNA methodology (rather than specific allocations) with the ABAG Executive Board at its July 21, 2011 meeting. If the Executive Board requests revisions to the methodology concept at that time, their feedback will be brought back for discussion at the HMC.

In response to questions from the committee, staff acknowledged that footnote #2 on the schedule should be changed to state that the assignment of subregional shares is set to occur at the same time that the SCS Preferred Scenario is released in November 2011. Staff also clarified that the survey mentioned in footnote #3 refers to the survey about the RHNA factors that is required by law, which will be sent to planning staff.

Committee members were supportive of the general direction of the schedule changes. However, several committee members expressed concern about the short amount of time between the release of the draft methodology and the draft allocation (November 2011 to January 2012), and whether or not local governments would have enough time to review the information, appropriately engage the community, and provide feedback. At a minimum, local governments would need significant lead time about the specific dates for hearings, deadlines for feedback, etc.

Some committee members thought that this shorter time period might encourage people to focus on the principles of the methodology, rather than solely the numerical allocations. Mr. Kirkey also mentioned that the details of the methodology would be available for some time at the regional level, so people would have an opportunity to understand how the housing need is likely to be allocated.

The committee also expressed concern about the short period of time between release of the Alternative Scenarios and the SCS Preferred Scenario (October to November 2011). Mr. Rapport indicated that staff will be sharing information about the Alternative Scenarios throughout the summer as they are developed, so there will not be many surprises when they are released.

Several HMC members supported the suggestion that staff seek an extension for RHNA, as other Councils of Governments have done. This would allow RHNA to be completed after the SCS/RTP, so there would not be so many pieces in process at the same time. However, other members of the committee thought that there were benefits to having these processes occurring simultaneously, so that the RHNA discussions could influence the SCS land use pattern, and not just the other way around.

3. Proposed Allocation Methodology

Mr. Rapport provided an overview of the rationale behind the proposed methodology. He highlighted the importance of the connections among the RHNA, SCS, and RTP and the fact that all must promote sustainability, especially land conservation. He also reiterated that the regional agencies are developing incentives to support local governments in their efforts to accommodate growth in sustainable locations and create neighborhoods that provide a good quality of life. Mr. Rapport noted that these incentives would not solve everything, but that having a plan for growth in place will help the region seek additional resources.

Mr. Rapport acknowledged that, although the Initial Vision Scenario included an unconstrained housing need, it is likely that the region will not see this amount of growth by 2035. As part of the SCS process, ABAG is responsible for doing a population forecast that will consider factors such as market attractiveness, development feasibility, changes in how people live together, growing market demand for more urban walkable places, etc. When these issues are factored into the forecast, it is likely that the total growth expected in the region will be lower. Mr. Rapport indicated that, with lower levels of anticipated growth, ABAG would like to reduce the amount of growth that happens outside of sustainable places. He also reiterated that, in some places the growth shown in the Initial Vision Scenario is too high, and that ABAG wants to have a dialogue about decreases based on evidence provided by local governments, to make the forecast more realistic. Mr. Rapport also noted that the Alternative Scenarios will look at employment location, particularly concentrating employment in transit-served locations and in close proximity to housing. The Alternative Scenarios will also incorporate transportation incentives and Transportation Demand Management policies to help the region meet its performance targets.

Mr. Rapport stated that RHNA, as the zoning downpayment on the SCS, is a first step in implementing the region's long-range growth strategy and a key part of the local-regional partnership. He continued that the RHNA/SCS/RTP process has been organized around engagement with local governments, building on the regional agencies' efforts over the past five years with the FOCUS program. Currently, MTC/ABAG are seeking input from local governments about what resources they need and what growth is realistic in their communities. With regard to RHNA, the regional agencies want to know if the Place Type framework used in the Initial Vision Scenario can be incorporated into the RHNA methodology. Mr. Rapport also emphasized the importance of inter-jurisdictional dialogue at the county level to discuss how future growth and available resources should be distributed within each county.

Mr. Kirkey followed this introduction with a slide presentation that provided an overview of the proposed allocation methodology, as described in the memo provided to the committee. When asked, Mr. Kirkey confirmed that Planned PDAs, Potential PDAs, and Growth Opportunity Areas were all treated equally in how they were assigned household growth in the Initial Vision Scenario. In response to a comment that the memo made it sound as though ABAG staff had to increase the amount of growth in some PDAs so they would meet the minimum Place Type requirements, Mr. Kirkey clarified that all PDAs meet the minimum requirements for designation (infill location, a certain level of transit service, and planning for more housing) but in some cases the amount of growth proposed did not match the selected Place Type, and changes were made to make sure that these were aligned. At the conclusion of the presentation, he sought the committee's feedback about whether the proposed methodology adequately balances fair share and sustainability principles, what the balance between PDAs/Growth Opportunity Areas and other areas should be, and what other analysis might be needed for refining the methodology.

Some members of the committee expressed concern that environmental preservation is treated as an afterthought in discussion of the RHNA methodology, and they would like to see it featured more prominently, since conservation of agricultural lands and open space is a major selling point for high-density housing. In response to a question, Mr. Kirkey indicated that providing money for preserving open space is part of the ongoing discussions about the block grant.

It was suggested that there be a Vision Statement to support the SCS that discusses the full range of issues that are incorporated into the sustainability framework, including land conservation, and that describes what the region hopes to achieve in the SCS.

In response to a question about whether ABAG would require a jurisdiction's Housing Element to show whether units were planned within a PDA/Growth Opportunity Area or outside, Mr. Rapport indicated that Housing Element law does not allow for RHNA allocations at the sub-jurisdictional level. However, the regional agencies want to create incentives that would support local governments in directing growth to PDA/Growth Opportunity Area and are considering requesting a non-binding resolution about the jurisdiction's intent when the allocations are made.

In general, there was support for using the PDAs and Growth Opportunity Areas as the starting place for the RHNA methodology. However, several members of the committee expressed concern that this approach would place an undue burden on the region's biggest cities and would give those jurisdictions that have stepped up to accommodate housing growth a higher allocation on top of what they said they could do.

Mr. Rapport indicated that the rule in the methodology that limits a jurisdiction from receiving more than 150 percent of the growth it would have gotten based on household growth was intended to ensure that jurisdictions were not overburdened.

Members of the committee noted that, although a method that shifts significant growth to larger cities may seem to align with the region's sustainability principles, the realities of the housing market may undermine these goals. It is not necessarily realistic to assume that the market will move to provide sufficient homes in these areas, and it is unlikely that there would be enough incentives to provide adequate affordable options in these locations. As a result, if the units in these areas are not built, and the RHNA methodology does not push medium-sized cities that have transit, good schools, and other amenities to do more, then the growth will end up in the outlying portions of the region.

Several people on the HMC were also concerned that there were some jurisdictions with sustainable locations that did not propose PDAs or Growth Opportunity Areas. In addition, some jurisdictions were

more aggressive than others in accommodating future growth in their PDAs or Growth Opportunity Areas. One suggestion to address this was to adopt a policy that no additional growth would go to the PDAs or Growth Opportunity Areas until other sustainable areas were considered first.

Committee members discussed the extent to which the RHNA methodology should rely on local input into the designation of PDAs and Growth Opportunity Areas. Several people suggested that the RHNA process requires a conversation at the regional level about how best to achieve the statutory objectives. Dialogue among jurisdictions at the county-level is valuable, but may not be sufficient to meet the goals of RHNA if some jurisdictions are resistant to change. It was proposed that the methodology discussion should begin with identifying the best way to meet the RHNA objectives, rather than using the locally designated places where jurisdictions wanted to accommodate growth as a starting point.

At the same time, some members of the committee strongly supported the idea of local control as a part of the RHNA methodology, accompanied by the factors needed to achieve fair share and the other elements of sustainability that are part of the SCS.

Mr. Rapport noted that, by emphasizing local control, ABAG is trying to encourage jurisdictions to commit to higher levels of sustainability instead of seeing RHNA as simply an obligation imposed by the state to force local governments to do what they don't want to do. He suggested that buy-in at the local level is important, and will ultimately make for a better plan.

With regard to achieving the fair share principle, HMC members expressed significant reservations with using household formation growth as the factor related to fair share principles. Many people commented that this method directs growth to areas that are not sustainable.

In particular, committee members highlighted the fact that the proposed methodology assigned large allocations to unincorporated areas when compared to the Initial Vision Scenario. There was a suggestion that the method could use household growth for each jurisdiction instead of using the share of county household growth weighted by current population, but Mr. Rapport indicated that data at the jurisdictional level is not available. It was noted that using the county shares made a conversation among jurisdictions within a county particularly important, to ensure that the distributions within the county are accurate. There was also a suggestion that counties should be treated differently than just another city since, with the annexations that are expected to occur over time, their population will decline, not increase.

Although some committee members suggested removing household formation growth as a factor, others wanted to include it along with other factors. Some of the other potential factors that could be used to allocate units to areas outside of PDAs and Growth Opportunity Areas include:

Transit: There was general consensus that, with the mandate of SB 375, it is important to link land use and transportation. Many people noted that existing and planned transit infrastructure are regional assets, and that local jurisdictions should be expected to accommodate more housing in these areas as a way to contribute to the success of the transit. Committee members expressed concern that the proposed methodology does not treat transit-served locations equally, and that all jurisdictions with transit should have to accommodate more housing—regardless of whether or not the transit station is within a PDA/Growth Opportunity Area.

Several people commented that the SCS and RHNA should be promoting sustainable growth everywhere, even if there is not transit. Also, there are some places in the region that do not have good transit service, so we cannot assume that all growth will be around transit.

Jobs: Many HMC members expressed a desire to include employment as a factor in the RHNA methodology, as a way to encourage a better balance between jobs and housing. Several people supported the idea of looking at jobs/housing balance at a sub-regional level (e.g., along transit corridors or in labor markets), rather than at the jobs/housing balance for a specific jurisdiction.

As a first step, committee members asked for additional details about the employment forecast used in the Initial Vision Scenario, and for revised scenarios that attempt to distribute jobs throughout the region in ways that help the region meet its performance targets. It was noted that the discussions to date have assumed that PDAs and Growth Opportunity Areas will be areas for job growth, but this assumption has not been explored in detail. It is possible that job growth will happen outside of these areas due to market forces.

As a way to look at jobs/housing balance, several people requested additional information about the types of jobs that are expected to be available, how they are distributed throughout the region, and how the wages that these jobs offer relate to the type and affordability of housing.

Some of the other possible employment-related factors suggested include employment growth; existing and future jobs, with existing weighted higher than job growth;

Schools: One of the overriding concepts suggested for achieving the fair share principles of RHNA was to allocate housing units to neighborhoods with access to amenities such as good schools, employment opportunities, and a variety of transportation choices. Often, these neighborhoods do not provide affordable housing options to families that would like to take advantage of the high quality of life that they offer. Many HMC members supported inclusion of school quality (measured by the Academic Performance Index) as a factor in the RHNA methodology, as a way to direct housing units to jurisdictions that have well-performing schools. It was noted that the Federal Reserve Bank of San Francisco is currently working with the San Francisco Mayor's Office of Housing to analyze "high access, high opportunity" neighborhoods throughout the region, and this information could be incorporated into the RHNA process.

The other factors suggested for inclusion in the RHNA methodology were water/sewer capacity and past production of affordable housing.

Staff was asked to provide different scenarios that show significant differences in allocations, to help committee members make decisions about the factors to include.

After a short lunch break, Mr. Kirkey provided an overview of the proposed methodology for the income allocation, which was described in the memo provided to the committee members. Mr. Kirkey noted that the staff proposal compares the income distribution in each jurisdiction to the region-wide distribution, rather than the county-wide distribution, to account for the fact that some counties are wealthier than others. Using the region-wide approach will move all jurisdictions toward the same goal.

4. Allocation of Subregional Shares

Ken Moy, ABAG Legal Counsel, provided an overview of the rules for identifying each subregion's share of the total regional housing need. Mr. Moy stated that the statute is the same as the last RHNA period, and requires that the subregional share be based on the proportion of the subregion's households compared to the region's households. With SB 375, a subregion will receive an allocation based on its proportion of households in the SCS Preferred Scenario compared to the region's households. For RHNA,

the subregional share will be based on the SCS Preferred Scenario that will be released in November 2011.

Mr. Moy noted that a subregion's proportion of households may change over the eight-year RHNA period, and it is up to the region to decide at what point to measure each subregion's share: the beginning or end of the RHNA period, or somewhere in between. A decision about which point in time to use as the measuring stick will be made by ABAG's Executive Board at its November 2011 meeting.

Since this decision is at the region's discretion, the committee asked staff for an opportunity to see the impact of selecting the different points in time as the measuring stick for the subregion's share.

There were several questions about the way in which a county's total (and thus a subregion's share) is calculated in the SCS Preferred Scenario. Staff will provide a written explanation at the next meeting.

Members of the committee noted that, several meetings ago, there was an agreement that a subregion shouldn't get a lower number than what it would get if it was part of the region's allocation.

Mr. Rapport indicated that it is ABAG's intent that all counties are treated the same so there is no benefit to a subregion with respect to its allocation, and that the legal justification for this interpretation of the statute will be explained in the memo from staff.

With regard to assigning each subregion's housing allocation by income, committee members suggested using the region's approach of shifting the subregion's income distribution 175 percent toward the region's income distribution as a way to try to achieve a more equitable income distribution for the region.

Committee members requested that staff provide regional guidance on how the income allocation to subregions will be done.

5. Trades and Transfers

This item was not covered due to time constraints.

6. Basecamp

Hing Wong, Senior Regional Planner, provided a brief overview of the HMC Basecamp website.